

*Cherns*  
**THE DIRECTOR**  
**CENTRAL INTELLIGENCE**

National Intelligence Council

9 November 1983

NOTE FOR: VC/NIC (C.W.)  
DDI  
ExDir

The politics of the Soviet forced labor issue are heating up. I think we are off-the-hook. OGI and SOVA did an excellent job laying out the specific evidence, but leaving judgments to the Treasury lawyers.



Maurice C. Ernst  
NIO/Economics

Attachment: New York Times article dtd 9 Nov 83

cc: D/SOVA  
D/OGI

# Treasury Uneasy on Soviet Trade Issue

By KENNETH B. NOBLE

Special to The New York Times

WASHINGTON, Nov. 8 — An unexpected recommendation by a subordinate to Treasury Secretary Donald T. Regan to bar the importation of some Soviet goods said to be made with the help of forced labor has put the Treasury chief in what aides say is an awkward position.

In September, William von Raab, the 41-year-old Commissioner of Customs, said in a letter to Mr. Regan that he had information that "reasonably indicates" that some three dozen products imported from the Soviet Union in 1982 were manufactured with the help of prisoners or other forced labor.

The Customs Service is an arm of the Treasury Department. Under the Smoot-Hawley Tariff Act of 1930, the Secretary of the Treasury is empowered to deny entry to foreign goods made with "convict labor" or "forced labor."

Administration officials said that Mr. von Raab's recommendation took Mr. Regan by surprise and caused considerable unease within the Treasury because Mr. von Raab appeared to be aligning himself with the hard-line faction that was pushing to curtail exports of goods to the Soviet Union in reaction to the downing of a Korean Air lines plane on Sept. 1.

## Von Raab Asked to Testify

Mr. Regan's response has been to ask Mr. von Raab to bring his information up to date with help from the Central Intelligence Agency. Treasury officials said they expected such information by the end of this week. Meanwhile, a House Foreign Affairs subcommittee has asked Mr. von Raab, a political appointee who also served under President Ford, to testify Wednesday.

Mr. von Raab asked the Treasury Secretary to invoke section 307 of the 1930 Act, which states: "All goods, wares, articles and merchandise mined, produced or manufactured wholly or in part in any foreign country by convict labor or forced labor" will not be "entitled to entry at any of the ports of the United States."

Only once before, in 1951, has the United States applied the prohibition. Then it banned imports of Russian crabmeat on the ground that it was produced by forced labor. At that time, American crabmeat packers, backed by some members of Congress, protested that Russia was dumping crabmeat in the United States at prices American producers could not meet.

Senator William L. Armstrong, Republican of Colorado, said in a telephone interview that Treasury Department officials had told him that they were "moving forward to consider regulations," which would put Mr. Raab's request into effect.

## 'I'm Optimistic'

"I'm optimistic and I have no reason to doubt that they are going to enforce the law, and some goods coming from the Soviet Union will be barred," Mr. Armstrong said.

Last month Senator Armstrong was the sponsor of a letter signed by 45 senators to the Treasury Secretary which said that "the United States as a moral as well as legal obligation" to ban goods made with the help of forced labor.

"This would be true at any time," the letter said, "but the need for enforcement is especially urgent now, in the wake of the Korean Air Lines massacre and mounting evidence of increased repression by the Soviet authorities of domestic human-rights activists."

Meanwhile, according to an analysis by a Congressional group that monitors the Helsinki accords, \$138.2 million of the \$228.6 million of 1982 imports from the Soviet Union were made by industries "which partially rely on forced labor." The Commission on Security and Cooperation in Europe said in a one-page report that there was no concrete information on the actual value of imports from the Soviet Union known to have been made with forced labor,

but that estimates were prepared by combining C.I.A. intelligence information about industries in which such activity is thought to have occurred and Commerce Department data on Soviet imports.

The list included such goods as cabinets for radio and television sets, wooden chess pieces, electronic resistors, automobile parts and tea. The largest category, \$118.2 million, was petroleum products and chemicals.